Export News

North Texas Export Assistance Center

DECEMBER 2006

United States-Bahrain Free Trade Agreement (USBFTA)

President Bush signed the U.S.-Bahrain Free Trade Agreement (USBFTA), effective August 1. For more information on the benefits of this bilateral agreement,
see the U.S. Trade Representatives website at http://www.ustr.gov/Trade_Agreements/Bilateral/

Free Alerts on Foreign Regulations

Free e-mail service provides U.S. entities (citizens, industries, organizations) an opportunity to review and comment on proposed foreign technical regulations that can affect their businesses and their access to international markets. To register, see:

Libya-Removed from List of Terrorist Sponsors

In a series of positive steps that reflects improving U.S.-Libya relations the Bureau of Industry and Security (BIS) published an interim final rule removing Libya from the Export Administration Regulations (EAR) as a state sponsor of terrorism. **The new Libya export licensing policy significantly reduces the level of U.S. Government controls over commercial exports to Libya.** Under this rule, items subject to the EAR but not listed on the Commerce Control List (CCL) (i.e. EAR 99 items), will generally not be subject to license requirements for export or reexport to Libya except for end-use/enduser controls. In addition, items controlled only for anti-terrorism (AT) reasons on the CCL will no longer be subject to a licensing requirement, except again for end-use/enduser controls. This rule is effective Aug. 31. For a copy of the *Federal Register* notice, please contact our office.

Tax Incentives for Exports Remain After Repeal of Extraterritorial Income Exclusion

Federal tax incentives for exporters are still available after the repeal of the extraterritorial income exclusion ("EIE"). With the passage of the Tax Increase Prevention and Reconciliation Act of 2005 on May 17, 2006, these existing export incentives will have a larger impact for exporters.

The full repeal of the EIE is scheduled for the end of 2006. Houston exporters should investigate taking advantage of the Interest Charge – Domestic International Sales Corporation (IC-DISC) tax incentive to save their company tax dollars on their export sales.
If your company is closely-held, exports goods overseas and meets certain eligibility criteria, your company can receive a tax rate reduction up to 20 percent on export sales income. These saving can help companies with their operational costs, as well as to finance distribution payments, among many other advantages. Additionally, these tax incentives offered to exporters can be accomplished with minimal restructuring or disruption to your company's business.

See the link below for a white paper explaining the IC-DISC by Houston District Export Counsel member Eddie Goldsberry of Pannell Kerr Forster of Texas (PKF Texas): http://www.pkftexas.com/images/pkf/Documents/IC-DISC%20Summary.pdf.

Bush Administration Releases Report on Intellectual Property Enforcement & Protection

On September 29, the Bush Administration released the *2006 Report to the President and Congress on Coordination of Intellectual Property Enforcement and Protection*. The report sets forth the actions and initiatives that the U.S. government has taken over the past year to combat the rising tide of global counterfeiting and piracy, and notes the importance of these efforts because of the critical role intellectual Property (IP) plays in the country's economic strength and the health and safety of consumers. A copy of the full report is available at:http://www.commerce.gov/opa/press/Secretary_Gutierrez/2006_Releases/September/28_IPReport_JointRelease.htm

Proposed New Restrictions on Exports to China

On July 6, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) published a proposed rule that revises and clarifies U.S. policy on exporting goods and technology to the People's Republic of China (PRC). The rule imposes significant new restrictions on certain U.S. exports to the PRC.

The stated intent of the proposed rule is to prevent exports and re-exports that would make a material contribution to the PRC's military capability.
The proposed rule:
1. Would require an export license be obtained to export or reexport certain listed items to the PRC when the exporter knows that the item is destined for a military end-use;
2. Expands the requirement to obtain an End-User Certificate to all items valued at over $5,000 requiring an export license to the PRC; and
3. Establishes a list of certain authorized end-users in the PRC & elsewhere to whom certain specified items may be exported.
Finally, it is important that freight forwarders, export finance professionals, international carriers and others be aware that these new restrictions apply to them as well, and not just to the actual exporter or re-exporter.

EXPORT-IMPORT BANK of the UNITED STATES

Ex-Im Bank Offers Special Insurance Policy for Small Businesses

Ex-Im Bank offers qualified small businesses an enhanced export credit insurance policy allowing them to extend credit terms directly to international buyers and protects their balance sheet against nonpayment risk. This policy has no first loss deductible, no minimum premium, expanded coverage, and a special financing enhancement. To learn more, go to:

http://www.exim.gov/products/insurance/small_bus_multi_buyer.cfm

New TSA Regulations on Air Cargo Security Issued

The Transportation Security Administration (TSA) is amending its regulations to enhance and improvethe security of air cargo transportation. This final rule **requires airport operators, aircraft operators, foreign air carriers, and indirect air carriers to implement security measures in the air cargo supply chain** as directed under the Aviation and Transportation Security Act. This final rule also amends the applicability of the requirement for a ``twelve-five'' security program for certain aircraft. For details, see the original May 26 Federal Register notice athttp://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/06-4800.htm and June 8 correction to the Final Rule, http://a257.g.akamaitech.net/7/257/2422/01jan2006 1800/edocket.access.gpo.gov/2006/E6-8852.htm.
The effective date is October 23, 2006.

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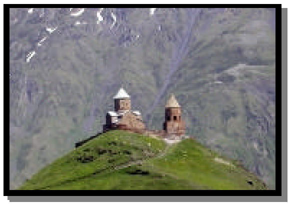
GEORGIA



Georgia is a small but growing market, with a population of about 4.7 million. Its strengths include a strategic location between Russia, Turkey, and Central Asia, proximity to markets of the Black Sea region, Caucasus and Central Asia, a government committed to democratic and economic reforms, and a reputation as a country with a rich culture, an exciting cuisine, and a friendly people.

The country's trade turnover has been increasing steadily over the past few years, but it continues to maintain a large trade deficit. The overall level of exports and imports increased from $1.6 billion in 2003 to $2.5 billion in 2004 to $3.37 billion in 2005. The level of both imports and exports grew by approximately 35 percent in 2005. Georgia's principal trading partners in 2005 were Russia, Turkey, the United Kingdom, Azerbaijan, Germany, Ukraine, Turkmenistan, and the United States.

Georgian imports totaled approximately $2.5 billion in 2005 and were $1.6 billion in the first half of 2006. The bulk of Georgia's 2005 imports came from Russia (14.2% of total), Turkey (11%), United States (10%), Azerbaijan (8.1%), Ukraine (7.3%), Germany (6.6%), and Italy (4.3%). The main import commodities were fuels, machinery and parts, transport equipment, grain and other foods, and pharmaceuticals. Georgian exports in 2005 totaled approximately $1.4 billion, with the main export partners being the United States (16.1% of the total), Turkey (15.8%), Turkmenistan (11.8%), Russia (10%) and Armenia (5.6%). Main export commodities were scrap metal, machinery, chemicals, fuel re-exports, citrus fruits, tea, and wine.

Foreign investment in Georgia in recent years has come mostly from Russia, Kazakhstan, Britain, the United States, and Turkey. Foreign direct investment in Georgia in 2005 totaled nearly $450 million, and it reached $133.8 million in the first quarter of 2006. This year, the government expects to complete privatizations of such assets as a major manganese plant, hydropower plants, and more, which will bring in additional foreign investment. entation of reforms.

- For more on Georgia, please visit: http://www.export.gov/articles/Georgia_MoM2.asp

INDIA

The Indian market, with over one billion people, presents lucrative and diverse opportunities for U.S. exporters with the right products, services, and commitment.

India's transportation, energy, environmental, health care, high-tech, and defense sector requirements for equipment and services will exceed tens of billions of dollars in the mid-term as the Indian economy globalizes and expands. India's GDP, currently growing at around 7 percent, makes it one of the fastest growing economies in the world.

The Indo-U.S. relationship is in the midst of a remarkable transformation. The two countries, politically and economically distant for much of the late twentieth century, now find their national interests converging at many points. Indian tariffs have been reduced progressively since the early 1990's.

Tariffs and poor infrastructure present the biggest obstacles to foreign investment and growth, but India's infrastructure requirements also present trade and investment opportunities for American companies. Key factors to doing business successfully in India include: finding good partners who have knowledge of the local market and procedural issues; good planning; aggressive due diligence and follow up; and patience and commitment.

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For more information on market opportunities for U.S. firms, see http://www.buyusa.gov/india/en/motm.html.

TRADE EVENTS

$5.3 Billion Panama Canal Expansion Project

FREE Web Based Seminar

The people of Panama recently approved a project to expand the capacity of the Panama Canal via a national referendum vote. The cost of this project is estimated at $5.3 billion and should take about 7-8 years to complete.

Join the U.S. Commercial Service for a **FREE** one-hour web based seminar covering topics such as, various phases & time lines for the project, and the different areas of opportunities for U.S. firms to participate in this major infrastructure project! Speakers will include Senior Commercial Officer Robert Jones of U.S. Commercial Service Panama and executives from the Panama Canal Authority.

DATE: Tuesday, December 5, 2006
TIME: 2:00 PM CST
LOCATION: Your personal computer
COST: Free!

To register,
http://www.buyusa.gov/tradeamericas/panamacanal.html

China IPR Webinar

Free Web Based Seminar
December 14
2pm-3:30pm EST.

Protecting and enforcing the intellectual property rights of U.S. businesses in China is critical to the success of your industry. As an industry association, you can play a critical role in assisting your member companies on these issues. Keeping updated on the latest developments is integral to this effort. Therefore, we invite you and your member companies to participate in this new China IPR webinar series.

To register, please email:
ChinaIPR@mail.doc.gov.

Education Mission -- Spring 2007

The North Texas District Export Council is organizing its fifth trade mission to Mexico. This mission will be an excellent opportunity for school representatives to meet with Mexican students who are interested in studying in the State of Texas.

Dates: April 18 – 19, 2007

Cost: $1,700
Cost includes: participation in both fairs for up to two representatives per school (additional representatives may attend for an additional fee); your own table; marketing of the event; and two pages in a booklet that will be distributed to prospective students and partners.

Deadlines
Express Interest: ASAP
Payment Deadline: January 26, 2007
Promotional Materials Shipped to APO Address: February 16, 2007
Materials for Booklet Emailed by: February 16, 2007

Tentative Itinerary
April 17 Arrive San Luis Potosi (SLP)
April 18 Fair in SLP (3 - 8 pm)
April 19 Travel as a group on charted bus to Leon in the morning
April 19 Leon Fair (3 - 8 pm)
April 20 Travel day

For more information, please visit:
http://www.buyusa.gov/northtexas/springmission.html

Thank you, and we hope you enjoyed this edition of

North Texas Export News!

Please feel free to contact us for your next exporting need.

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